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THE OUTLOOK FOR SOVIET-AMERICAN RELATIONS

by

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with the aid of the Research Staff of the Foreign Policy Association

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INTRODUCTION

WITH the inauguration on March 4 of the Roosevelt administration, the recognition of the Soviet government appears more probable than at any time since 1917. According to some observers, recognition should be accorded as early as possible in the administration both to stimulate Soviet-American trade and to facilitate collaboration of the United States and the Soviet Union—the two great non-League powers—in concerting measures to support the League's recommendations concerning the Far Eastern crisis. In view of this situation, it is appropriate to review the principles which have dictated American policy toward the Soviet Union, and the arguments which have been advanced for and against recognition of the Soviet government.

It is a generally accepted principle of international law that, before a new government existing *de facto* can enter into official relations with any given state, it must be recognized by the political department of that state. No rules, however, have been internationally established regarding the qualifications which a *de facto* government must possess in order to become entitled to recognition, and each state, in granting or withholding recognition, is usually influenced by considerations of foreign, and sometimes domestic, policy. Nevertheless, the practice of European states after 1830 and of the United States from 1793 to 1913 has been to abstain from inquiring into the legitimacy of a new government,¹ to acknowledge its existence *de facto* provided it could maintain itself without "substantial resistance to its authority,"² and to accord recognition when it showed itself willing and able to fulfill international obligations³. This practice was once more formulated by Secretary of State Stimson on February 6, 1931 in an address before the Council on Foreign Relations, when he said:

"The general policy, as thus observed, was to base the act of recognition not upon the ques-

tion of the constitutional legitimacy of the new government but upon its *de facto* capacity to fulfill its obligations as a member of the family of nations. This country recognized the right of other nations to regulate their own internal affairs of government and disclaimed any attempt to base its recognition upon the correctness of their constitutional action."⁴

With this practice the policy of the Wilson administration between 1913 and 1917 appeared to be in conflict. On March 11, 1913 President Wilson issued the following statement to Latin American countries:

"We hold . . . that just government rests always upon the consent of the governed, and that there can be no freedom without order based upon law and upon the public conscience and approval . . . We can have no sympathy with those who seek to seize the power of government to advance their own personal interests or ambition . . . As friends, therefore, we shall prefer those who act in the interest of peace and honor, who protect private rights, and respect the restraints of constitutional provision."⁵

In accordance with this policy, the Wilson administration refused to recognize the Huerta régime in Mexico, that of Tinoco in Costa Rica, and several other governments set up by revolution in Central America.⁶

The Wilsonian recognition policy has been severely criticized by distinguished authorities on international law,⁷ and on February 6, 1931 Secretary of State Stimson declared that the Hoover administration had refused to adopt this policy, and had "followed consistently the former practice of this government since the days of Jefferson."⁸ He pointed out that the United States had recognized new governments in Bolivia, Peru, Argentina, Brazil and Panama as soon as American diplomatic representatives had reported that these governments "were in control of the administrative machinery of the state, with the apparent general acquiescence of their people, and that they were

4. Henry L. Stimson, *The United States and the Other American Republics*, Publications of the Department of State, Latin American Series, No. 4 (Washington, Government Printing Office, 1931), p. 6.

5. United States, *Foreign Relations, 1913* (Washington, Government Printing Office, 1920), p. 7.

6. For discussion of the Wilsonian recognition policy in Central America, cf. Raymond L. Buell, "The United States and Central American Stability," *Foreign Policy Reports*, Vol. VII, No. 9, July 8, 1931.

7. John Bassett Moore, *Candor and Common Sense*, an address before the Association of the Bar of the City of New York, December 4, 1930, p. 24 *et seq.*

8. Stimson, *The United States and the Other American Republics*, cited, p. 8.

willing and apparently able to discharge their international and conventional obligations."⁹ This policy, Mr. Stimson added, had

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While the United States still refuses to recognize governments established by revolution in Central America, on the ground that this course is justified by the 1923 Central American treaty, non-recognition of the Soviet government has been officially based on the requirements of our traditional recognition policy. That the Bolshevik revolution alarmed the United States, and that Soviet political and economic institutions have been hitherto viewed with disfavor in administration circles is a matter of common knowledge. The American government, however, has repeatedly declared that recognition had been withheld not because of disapproval of the form and methods of Soviet rule, but because the Soviet government, by repudiating Russia's debts, by confiscating the property of American citizens, and by carrying on Communist propaganda through the Third International had shown that it was neither willing nor able to fulfill international obligations. The United States—the only great power to withhold recognition today¹⁰—has declared that the Soviet government must acknowledge its obligation to repay the Kerensky debt, compensate American citizens for confiscated property, and abandon Communist propaganda as "evidence of good faith," without preliminary conferences or negotiations. Meanwhile, it has placed few obstacles in the way of trade and communication between citizens of the two countries. It has opposed, however, the flotation of Soviet loans in the United States, as well as the use of credit "for the purpose of making an advance to the Soviet régime." The Soviet government has not been permitted to sue in the American courts,¹¹ but has been accorded immunity when sued here.¹² The courts at first refused to apply its acts and decrees; at present, however, they appear inclined to give effect to them whenever failure to do so would be contrary to public policy.¹³ The factors which have determined American policy toward the Soviet government during the past fifteen years may perhaps be best understood after

been followed "where international practice was not affected or controlled by pre-existing treaty," as in Central America.

THE SOVIET GOVERNMENT

a brief survey of the relations between the two countries during that period.

The March 1917 revolution which resulted in the abdication of Tsar Nicholas II and the establishment of a Provisional Government with Prince Lvov at its head was greeted in Western states as a triumph of democracy, and an assurance that the Russian people, freed from the Tsarist yoke, would prosecute the common struggle against the Central Powers with renewed vigor. Mr. Francis, American Ambassador to Russia, declared on March 18 that the revolution was "the practical realization of that principle of government which we have championed and advocated, I mean government by consent of the governed," and urged prompt recognition of the Provisional Government on the ground that it would have "a stupendous moral effect especially if given first."¹⁴ Two days later Secretary of State Lansing instructed Mr. Francis to recognize the Provisional Government, which he did on March 22.¹⁵

The entrance of the United States into the World War early in April materially increased this country's interest in Russian affairs. On April 6 Mr. Francis strongly recommended a loan to Russia, the entire proceeds to be spent in the United States for the purchase of war material, and declared that such a loan would be "absolutely safe" since "Russia owns boundless forests, immeasurable deposits of ores and oils, and immense areas of tillable lands."¹⁶ Secretary Lansing assured Mr. Francis that "there is the friendliest disposition towards Russia whose government we are most anxious to support and assist in every practicable way."¹⁷ Following an inquiry into "the determination and ability of the Russian government to carry on the war, if financial aid is forthcoming,"¹⁸ Mr. Lansing informed Mr. Francis on May 17 that the United States Treasury had established a \$100,000,000 credit in behalf of Russia under the War Loan Acts.¹⁹

For the purpose of clarifying Russo-American relations, President Wilson on May 11 appointed a special diplomatic mission to Russia, headed by Elihu Root, former Secretary of State. The task of this mission, which reached Petrograd in June, was "to

9. *Ibid.*

10. The following twenty-six states have recognized the Soviet government: Afghanistan, Austria, China (diplomatic relations broken off in 1927 and resumed in 1932), Danzig, Denmark, Estonia, Finland, France, Germany, Great Britain (diplomatic relations broken off in 1927 and resumed in 1930), Greece, Hedjaz, Iceland, Italy, Japan, Latvia, Lithuania, Mexico, (diplomatic relations broken off in 1930), Mongolia, Norway, Persia, Poland, Sweden, Turkey, Uruguay, and Yemen.

11. *Russian Republic v. Cibrario*, 191 N.Y. Supp. (1921), p. 543; 235 N.Y. (1923), p. 255.

12. *Wulfsohn v. Russian Socialist Federated Soviet Republic*, 118 Misc. (1922), p. 28; 202 App. Div. (1922), p. 421; 234 N.Y. (1923), p. 372; 235 N.Y. (1923), p. 579.

13. *Russian Reinsurance Company v. Stoddard*, 240 N.Y. (1925), p. 149.

14. Mr. Francis to Mr. Lansing, Secretary of State. United States, *Foreign Relations, 1918, Russia* (Washington, Government Printing Office, 1931, 3 volumes), Vol. I, p. 5-6.

15. Mr. Francis to Mr. Lansing, *ibid.*, Vol. I, p. 12.

16. Mr. Francis to Mr. Lansing, *ibid.*, Vol. III, p. 2.

17. Mr. Lansing to Mr. Francis, *ibid.*, Vol. III, p. 3.

18. *Ibid.*, Vol. III, p. 3.

19. Mr. Lansing to Mr. Francis, *ibid.*, Vol. III, p. 9-10.

manifest to the Russian government and people the deep sympathetic feeling which exists among all classes in America for the adherence of Russia to the principle of democracy which has been the foundation of the progress and prosperity of this country," and to establish a basis for common action against the Central Powers."²⁰ Although the Provisional Government had from the start been forced to share political power with the Soviets of Workers' and Soldiers' Deputies organized by Social Democrats and Social Revolutionaries, the Root mission apparently made little attempt to learn the views of elements other than those represented in the Provisional Government, then headed by Alexander Kerensky. On his return to the United States in August 1917, Mr. Root declared that the Russians would eventually be able to "establish and maintain successfully self-government on a great scale."²¹

Meanwhile, the official representative of the Kerensky government, M. Boris Bakhmeteff, had been received in Washington on July 5, when President Wilson remarked that Russia, through the efforts of the Provisional Government, "will assume her rightful place among the great free nations of the world." At the earnest recommendations of Mr. Root and Ambassador Francis,²² the United States extended a \$75,000,000 credit to M. Bakhmeteff on July 14.²³ Further credits, for \$100,000,000 and \$50,000,000 were granted in August and October respectively, bringing the total credits extended to Russia to \$325,000,000.²⁴ Cash advances made against these credits by November 1917, when credits were discontinued, totaled \$192,601,297.36,²⁵ and constituted the principal of the so-called Kerensky debt to the United States. This sum was expended by M. Bakhmeteff chiefly for the purchase of war material of various kinds.

Allied financial aid, however, failed to strengthen the Provisional Government, and on November 7, 1917 the Bolsheviks, who had gradually gained control of the Soviets of Workers' and Soldiers' Deputies, established a "dictatorship of the proletariat." Immediately on coming to power the Soviet leaders seized banks and factories, nationalized the land, and announced their intention to terminate the war. These measures not only challenged Western political and economic insti-

tutions, but created the danger that Germany, having concluded a separate peace with Russia, would be free to launch a decisive attack on the Western front. In his message to Congress of December 4, 1917, President Wilson referred to the November events as "the sad reverses which have recently marked the progress of their [the Russians'] affairs towards an ordered and stable government of free men."²⁶ Mr. Francis, who had declared that the Soviet government was "established by force and not recognized by the Russian people"²⁷ and had described Lenin and Trotzky as "reckless adventurers,"²⁸ refused to communicate officially with Trotzky, People's Commissar of Foreign Affairs, and in February 1918 left Petrograd for Vologda.

The American government, while maintaining an attitude of "watchful waiting," expressed no open hostility to the Soviet régime, and apparently believed that the Russian people were entitled to aid and sympathy in a period of political transition. Nor was this attitude altered when the Soviet government dissolved the Constituent Assembly which had been finally convened in January. Even after publication on February 8, 1918 of the Soviet decree annulling all state debts contracted "by the governments of Russian landowners and Russian bourgeoisie,"²⁹ which included the Kerensky debt to the United States, President Wilson, in a message to the All-Russian Congress of Soviets on March 11, stated that while the American government "unhappily" could no longer render direct and effective aid, it would still seek "to secure to Russia once more complete sovereignty and independence in her own affairs."³⁰

The ratification in March 1918 of the Brest-Litovsk treaty, which ended the war between Russia and Germany, failed to shake the conviction of the United States that the Russians remained its "friends and allies against the common enemy." In a memorandum of March 12 to the Japanese chargé d'affaires in Washington, Acting Secretary of State Polk argued that there was, "in fact, no Russian government to deal with," and that "the so-called Soviet government upon which Germany has just forced, or tried to force, peace, was never recognized by the government of the United States as even a government *de facto*. None of its acts, therefore, need be officially recognized by this government."³¹

20. Mr. Lansing to Mr. Francis, May 22, 1917, *ibid.*, Vol. I, p. 110.

21. Report of the Special Diplomatic Mission to Russia to the Secretary of State, *ibid.*, Vol. I, p. 131 *et seq.*

22. Mr. Root and Mr. Francis to Mr. Lansing, July 8, 1917, *ibid.*, Vol. III, p. 11.

23. Acting Secretary of State Polk to Mr. Francis, July 14, 1917, *ibid.*, Vol. III, p. 12.

24. Mr. Lansing to Mr. Francis, October 26, 1917, *ibid.*, Vol. III, p. 25.

25. United States, Treasury Department, *Annual Report of the Secretary of the Treasury for 1932* (Washington, Government Printing Office, 1932), p. 436.

26. United States, *Foreign Relations, 1917* (Washington, Government Printing Office, 1926), p. XIII.

27. Mr. Francis to Mr. Lansing, November 22, 1917. United States, *Foreign Relations, 1918, Russia*, cited, Vol. I, p. 245.

28. Mr. Francis to Mr. Lansing, December 9, 1917, *ibid.*, Vol. I, p. 292.

30. United States, *Foreign Relations, 1918, Russia*, cited, Vol. III, p. 31-32.

31. Acting Secretary of State Polk to Mr. Summers, Consul-General at Moscow, March 11, 1918, *ibid.*, Vol. I, p. 395.

32. *Ibid.*, Vol. I, p. 397.

Russia's withdrawal from the World War, however, did not long remain unchallenged. As early as March 1918 the Allies had urged American participation in an armed intervention, whose avowed purpose was to strengthen the Eastern front, disrupted by Russia's defection, and to protect Czechoslovak prisoners, then on their way to the Pacific, and thence through the United States to France, against alleged attacks by Austrian and German prisoners. President Wilson, who had at first opposed intervention,³³ apparently yielded later to Allied pressure and to American public opinion, and on August 3, 1918 issued a statement officially inaugurating American intervention in North Russia and Siberia.³⁴ The object of intervention was "to guard military stores which may subsequently be needed by Russian forces and to render such aid as may be acceptable to the Russians in the organization of their own self-defense." An American expeditionary force of 7,000 men commanded by General William S. Graves was accordingly sent to Vladivostok in August,³⁵ and a contingent of American troops was landed at Archangel in September.

Begun as an act of war against Germany, Allied intervention was continued after the armistice of November 1918, ostensibly to enable the Russian people freely to choose their political institutions. The assistance which France, Great Britain, Japan and the United States³⁶ furnished to such counter-revolutionary leaders as Wrangel, Denikin and Kolchak gave the intervention a distinctly anti-Soviet character, which the Allies did not attempt to disprove. The end of civil war in 1920, however, and the establishment of Soviet control over the territory of the former Russian Empire, removed all justification for the continuance of intervention. The American expedition to North Russia had already been withdrawn in June 1919, and on April 1, 1920 the last of the American troops departed from Siberia.

While Allied forces were still on Russian soil, the Paris Peace Conference attempted to define its policy toward the Soviet government. Lloyd George and Wilson wished to invite representatives of all Russian parties, including the Bolsheviks, to Paris—a proposal firmly rejected by Clemenceau and Orlando, who refused to deal with the Bolsheviks. It was finally agreed that all organized Russian parties should meet at Prinkipo, in the Sea of Marmora, and a proclamation to that effect, drafted by President

Wilson and approved by the Council of Ten, was issued on January 22, 1919. The Bolsheviks accepted this invitation on February 4, but the other Russian parties refused to negotiate with "traitors" and "criminal usurpers."

Undismayed by this failure, the United States and Great Britain decided to deal directly with the Soviet government. William C. Bullitt, a member of the staff of the American delegation at the Paris Peace Conference, was accordingly sent to Moscow in February to study Russia's political and economic conditions. Mr. Bullitt interviewed Lenin, Chicherin and Litvinov, from whom he obtained the terms which the Soviet government was prepared to discuss at a peace conference on neutral territory. The Bullitt report to President Wilson, which stated that the Soviet government had become permanently established, was never formally submitted to the peace conference, nor was it published at that time.³⁷ Intercourse with the Soviet government ceased completely, and the Allied and Associated powers, acting through the Supreme Council, sought to isolate Russia economically—a policy which was not completely abandoned until the Genoa Conference of 1922.

The United States which, after 1919, sought to avoid further entanglements in Europe, appeared to ignore the existence of the Soviet government, and M. Bakhmeteff continued to be recognized as Russian Ambassador until 1922. The motives determining American policy toward the Soviet government were first set forth at length in a note which Secretary of State Colby addressed to Baron d'Avezzano, Italian Ambassador in Washington, on August 10, 1920. The Colby note reiterated the sympathy of the American government "for the efforts of the Russian people to reconstruct their national life upon the broad basis of popular self-government" and its faith in Russia's future. The United States, however, was averse "to any dealings with the Soviet régime beyond the narrow boundaries" of an armistice. "The rulers of Russia," Mr. Colby declared, "do not rule by the will or consent of any considerable proportion of the Russian people." While the United States had no desire to interfere in Russia's internal affairs, it hoped that the Russians would "soon find a way to set up a government representing their free will and purpose." The reluctance of the United States to recognize the Soviet government, however, was determined not by its disapproval of Russia's political institutions, but by the attitude of Bolshevik leaders with respect to debts and propaganda.

33. Acting Secretary of State Polk to Mr. Morris, Ambassador to Japan, March 5, 1918. *Ibid.*, Vol. II, p. 67.

34. Acting Secretary of State Polk to Mr. Morris, Ambassador to Japan, August 3, 1918. *Ibid.*, Vol. II, p. 328.

35. For an account of the American expedition to Siberia, cf. William S. Graves, *America's Siberian Adventure, 1918-1920* (New York, Cape and Smith, 1931).

36. *Ibid.*

37. William C. Bullitt, *The Bullitt Mission to Russia* (New York, Huebsch, 1919).

"In the view of this government," Mr. Colby said, "there cannot be any common ground upon which it can stand with a power whose conceptions of international relations are so entirely alien to its own, so utterly repugnant to its moral sense. There can be no mutual confidence or trust, no respect even, if pledges are to be given and agreements made with a cynical repudiation of their obligations already in the minds of one of the parties. We cannot recognize, hold official relations with, or give friendly reception to the agents of a government which is determined and bound to conspire against our institutions; whose diplomats will be the agitators of dangerous revolt; whose spokesmen say that they sign agreements with no intention of keeping them."³⁸

M. Chicherin, People's Commissar of Foreign Affairs, answered Mr. Colby's note in a communication transmitted to Baron d'Avezzano on October 4 by Ludwig Martens, who had acted as unofficial Soviet representative in the United States since 1919. The Soviet government declared that "the elementary economic needs of the peoples of Russia and of other countries demand normal relations and exchange of goods between them," and that it was fully aware that "the first condition of such relations is mutual faith and non-intervention on both parts."³⁹ No reply was returned to this communication, and Mr. Martens not only failed to be received by the State Department, but was forced to leave the United States in 1921. On July 7, 1920, however, the American government removed existing restrictions on trade and communication with Russia, adding that "political recognition" was neither granted nor implied, and that individuals and corporations engaging in Russian trade would be acting at their own risk.⁴⁰

President Harding's election in 1920 led the Soviet government to hope that the new administration might prove more favorable to recognition. On March 21, 1921, M. Litvinov, then Soviet representative in Estonia, transmitted an appeal from Michael Kalinin, President of the All-Russian Central Executive Committee, to the new American government to re-establish business relations and remove "the wall" existing between the two peoples.⁴¹ This appeal met with no encouragement from the United States. On March 25, 1921 Secretary of State Hughes replied through the American consul at Reval that the United States viewed "with deep sympathy and grave concern the plight" of the Russian people, and desired "to aid by every appropriate means in promoting proper opportunities through which commerce can be established upon a sound basis." He agreed with Mr. Hoover, the new Secretary of Commerce, however, that under

the existing economic system Russia could make no effective return to production and therefore could not develop its foreign trade. Until the American government was convinced that fundamental changes "involving due regard for the protection of persons and property and the establishment of conditions essential to the maintenance of commerce" had taken place, it was unable to perceive that there was "any proper basis for considering trade relations." These views were further developed by Mr. Hughes in a letter addressed to Samuel Gompers, president of the American Federation of Labor, in March 1921, when he described Russia as a "gigantic economic vacuum." In August 1922, however, Mr. Houghton, Ambassador to Germany, sounded out Soviet officials regarding the possibility of sending an American technical commission to study the economic situation in the Soviet Union and report to the American government. The Soviet leaders stated they would accept this proposal, provided a similar Soviet commission were allowed to investigate economic conditions in the United States. On September 18, 1922 the State Department declared that, in view of the "definite" Soviet refusal, "the matter is considered to be terminated."⁴²

In March 1923, replying to an appeal from the Women's International League for Peace and Freedom, which stated that changed conditions in Russia made American policy no longer applicable, Mr. Hughes declared that internal conditions alone did not determine recognition.

"The fundamental question in the recognition of a government," he said, "is whether it shows ability and a disposition to discharge international obligations. Stability, of course, is important; stability is essential. What, however, would avail mere stability if it were stability in the prosecution of a policy of repudiation and confiscation?"⁴³

American policy toward the Soviet government was reiterated by President Coolidge in his message to Congress on December 6, 1923. The United States, he said, did not propose "to enter into relations with another régime which refuses to recognize the sanctity of international obligations," or "to barter away for the privilege of trade any of the cherished rights of humanity."

"Whenever," he concluded, "there appears any disposition to compensate our citizens who were despoiled, and to recognize that debt contracted with our government, not by the Czar but by the newly formed Republic of Russia; whenever the active spirit of enmity to our institutions is abated; whenever there appear works meet for repentance; our country ought to be the first to go to the economic and moral rescue of Russia."⁴⁴

38. *Congressional Record*, Senate, 66th Congress, 3rd Session, Vol. 60, Part III, January 29, 1921, p. 2221.

39. Frederick L. Schuman, *American Policy Toward Russia since 1917* (New York, International Publishers, 1928), p. 185.

40. State Department, Press Release, July 7, 1920.

41. Schuman, *American Policy toward Russia since 1917*, cited, p. 200.

42. Department of State, Press Release, September 18, 1922; Louis Fischer, *Why Recognize Russia?* (New York, Cape and Smith, 1931), p. 65 *et seq.*

43. Department of State, Press Release, March 21, 1923. Cf. also Mr. Hughes' letter to Samuel Gompers, July 19, 1923, *American Federationist*, Vol. 31 (1924), p. 156.

44. *House Documents*, 68th Congress, 1st Session, 1923, Vol. I, No. 1.

On December 16, 1923 Chicherin cabled President Coolidge that the Soviet government was ready to discuss all the problems mentioned in the President's message on the basis of the principle of mutual non-intervention in internal affairs, and was fully prepared to open negotiations with a view to the satisfactory settlement of American claims, "on the assumption that the principle of reciprocity will be recognized all around"—thus indicating the existence of Soviet counterclaims. On December 18, 1923, however, Mr. Hughes stated that

"... there would seem to be at this time no reason for negotiations . . . If the Soviet authorities are ready to restore the confiscated property of American citizens or make effective compensation, they can do so. If the Soviet authorities are ready to repeal their decree repudiating Russia's obligations to this country and appropriately recognize them, they can do so. It requires no conference or negotiations to accomplish these results, which can and should be achieved at Moscow as evidence of good faith. The American government has not incurred liabilities to Russia or repudiated obligations. Most serious is the continued propaganda to overthrow the institutions of this country. This government can enter into no negotiations until these efforts directed from Moscow are abandoned."⁴⁵

Secretary of State Kellogg reiterated these views in 1928, when he said that the continuance of Communist propaganda "made vain any hope of establishing relations on a basis usual between friendly nations."⁴⁶ Mr. Stimson also declared in December 1930 that the United States would not recognize the Soviet government until the latter had acknowledged its debts, guaranteed proper compensation for American property confiscated in Russia, and ceased to agitate for the overthrow of the American government by revolution.⁴⁷

Nor was American policy modified by the Soviet government's adherence in August 1928 to the Anti-War Pact sponsored by Mr. Kellogg. Testifying before the Senate Committee on Foreign Relations in December 1928, Mr. Kellogg stated that "adhering to a multilateral treaty that has been agreed to by other people is never a recognition of the country"—a view subsequently disputed by Judge John Bassett Moore, who held that "by this act we necessarily recognized the Soviet government."⁴⁸

When China and the Soviet Union clashed over the Chinese Eastern Railway, however, Secretary Stimson, through the French Ambassador in Moscow, reminded the Soviet government in a note of December 2, 1929

of its obligations under the Anti-War Pact, and added that its standing "in the good opinion of the world" would necessarily in great measure depend on the manner in which it carried out "these most sacred principles."⁴⁹ This note, coming when Sino-Soviet negotiations for settlement of the Chinese Eastern controversy had already begun, aroused the ire of the Soviet government, which declared on December 3 that Mr. Stimson's warning could not be considered "as a friendly act," and expressed amazement that the United States, which had not recognized the Soviet Union, deemed it "possible to apply to it with advice and counsel."⁵⁰

This rebuke was not calculated to break the deadlock in Soviet-American relations. The Far Eastern crisis which began in September 1931 with Japan's invasion of Manchuria, however, together with the sharp decline in Soviet-American trade in 1932, once more focused attention on the problems created by the refusal of the United States to recognize the Soviet government. According to many observers, Japan's action in Manchuria was to a considerable extent influenced by American non-recognition of the Soviet government, and by the belief that the United States would welcome, or at least not oppose, an attack on the Soviet system. This view was expressed on December 12, 1932 by M. Litvinov, Soviet Commissar of Foreign Affairs, when he said that "the commencement of the present troubles in the Far East is in no small degree due to the fact that not all of the states situated on the shores of the Pacific Ocean have been maintaining diplomatic relations with one another," adding that the Soviet government did not consider "rupture or refusal of relations to be suitable means of regulating international questions."⁵¹

The unfavorable developments in Soviet-American trade have also been prominently discussed in connection with recognition. Until 1931 the United States ranked as one of the principal markets for Soviet purchases, chiefly because the Soviet government wished to equip its factories and large-scale farms with modern machinery, and found that American concerns were particularly well adapted to fill its needs. In 1930—the high-water mark of Soviet-American trade—American exports to the Soviet Union totaled \$114,398,537, or nearly five times the value of Soviet exports to this country, estimated at \$24,885,786, and consisted largely of electrical equipment, automobile and transport material, especially

45. *Congressional Record*, 68th Congress, 1st Session, Vol. 65, Part I, p. 451.

46. Republican National Committee, *Foreign Relations*, Bulletin No. 5, April 14, 1928, p. 49.

47. *New York Times*, December 7, 1930.

48. U. S. Senate, *Hearings before the Committee on Foreign Relations*, 70th Congress, 2nd Session, December 7 and 11, 1928, Part I (Washington, Government Printing Office, 1928), p. 25.

49. Moore, *Candor and Common Sense*, cited, p. 13.

50. Department of State, *Press Releases*, December 2, 1929.

51. J. W. Wheeler-Bennett, *Documents on International Affairs*, 1929 (London, Oxford University Press, 1930), p. 278.

52. Statement issued by M. Litvinov following resumption of Sino-Soviet diplomatic relations, *New York Times*, December 12, 1932.

tractors and tractor parts, and other machinery."⁵³

The decline in Soviet-American trade in 1932, when American exports to the Soviet Union totaled only \$12,466,249, a drop of 88 per cent as compared with the preceding year, is generally attributed to three main factors: decrease in the purchasing power of the Soviet government, lack of American credits, and administrative restrictions on Soviet exports to the United States. It will be recalled that the Soviet government finances its imports under unusually difficult circumstances. Soviet currency is not quoted on foreign exchanges, and its export is strictly prohibited. Meanwhile

foreign capitalists, alienated by Soviet repudiation of debts, have shown no disposition to grant loans to the Soviet Union. The Soviet government, which has a monopoly of foreign trade, must consequently pay for imports with such foreign currency as it realizes on exports, except when it succeeds in securing long-term credits. Confronted by these financial difficulties, the Soviet government has recently placed its principal orders in Germany and Great Britain, where it enjoys government-guaranteed credits ranging from fourteen to fifty-four months. According to many business men, recognition would improve Soviet credit in this country, and would enable the Soviet government to increase its purchases of American goods.

THE PROS AND CONS OF SOVIET RECOGNITION

Of the considerations urged at various times against recognition, several now appear to have lost their significance. The stability of the Soviet government is no longer questioned, and Soviet political and economic institutions, while still repugnant to many Americans, are better understood than in the past. Nor is it argued today that the Soviet Union represents an "economic vacuum." The State Department, however, has hitherto believed that recognition should be withheld until the Soviet government has demonstrated its willingness and ability to fulfill international obligations by acknowledging the Kerensky debt, by compensating American citizens for confiscated property, and by abandoning Communist propaganda. It is contended, moreover, that recognition would imply approval of Soviet institutions and, while raising the prestige of the Soviet Union, would lower that of the United States. Recognition is also opposed by various groups which either object to certain practices of the Soviet government, such as its drive against organized religion, or fear that an increase in Soviet trade following recognition would injure their economic interests.

Many business and political leaders meanwhile advocate recognition on the ground that it would increase, or at least facilitate, trade with the Soviet Union, and thus furnish employment to American workers in a period of acute economic depression. They

also argue that, once official relations are established, the United States and the Soviet Union would be in a position to collaborate effectively with respect to disarmament and the Far East—two issues in which both have a vital interest.

REPUDIATION OF DEBTS

The first argument officially advanced against recognition concerns the Soviet government's repudiation of debts and confiscation of American property. The act of repudiation is regarded as a violation of international law, which holds that the state is a continuing entity, for whose contractual obligations successive governments are responsible. The Soviet government contends, however, that the debts contracted by its predecessors had been used to assure the oppression of the laboring classes; that the Bolshevik party, before coming to power, had given ample warning that it would not recognize these obligations; and that a government representing the proletariat cannot be expected to repay loans contracted by the bourgeoisie.⁵⁴ Since 1917, however, the Soviet government, while still maintaining the principle that "no people should be obliged to pay the price of its chains," has expressed its willingness to negotiate some form of settlement.

Great Britain and France recognized the Soviet government in 1924, before a definite agreement had been reached regarding debts and private claims. In the Anglo-Soviet treaty of 1924 the Soviet government undertook, "by way of exception" to the 1918 decree annulling state debts, to satisfy in foreign currency the claims of British holders

53. United States, Department of Commerce, *Commerce Yearbook 1931* (Washington, Government Printing Office, 1931), Vol. II, p. 274. The following table shows the development of Soviet-American trade since 1924:

United States Trade with the Soviet Union		
	Exports to Soviet Union	Imports from Soviet Union
1924	\$ 42,103,738	\$ 8,168,801
1925	68,906,000	13,236,673
1926	49,905,642	14,121,992
1927	64,921,693	12,876,791
1928	74,031,235	14,024,525
1929	85,011,847	22,551,434
1930	114,898,537	24,385,788
1931	103,668,808	13,206,393
1932	12,466,249	9,096,885

54. Cf. E. A. Korovin, *Meshhdunarodnye Dogovory i Akty Novovo Vremeni* (International Agreements and Acts of the New Period), Moscow, 1925. "Note on the Soviet Conception of International Law," p. 327: also M. Chicherin, People's Commissar of Foreign Affairs, to Marquess Curzon of Kedleston, October 28, 1921, *British and Foreign State Papers*, Vol. 114 (1921), p. 380, 3S2.

of loans issued or guaranteed by the Tsarist government; Great Britain, for its part, recognized that the financial and economic position of the U.S.S.R. rendered full satisfaction of these claims impracticable.⁵⁵ The fall of the MacDonald government, which had negotiated this treaty, prevented its ratification. Subsequent negotiations have proved inconclusive, largely because the Soviet government has insisted on linking acknowledgment of debts with the extension of credits—a proposal which France rejected at the Franco-Soviet debt conference in 1926.⁵⁶ Secretary Kellogg declared in 1928 that the experience of Western states had confirmed the American government in its opinion that recognition would not be followed by payment of debts or restitution of private property.⁵⁷ The total claims of the United States against the Soviet government are estimated as follows:

Loans to the Provisional Government	
(Kerensky Debt)	
Principal	\$192,601,297.37
Interest	134,981,774.00
Private Claims	441,000,000.00
TOTAL	\$768,583,071.37

The Soviet government, for its part, has advanced counterclaims for damages to lives and property caused by American intervention in Russia, but has never specified their exact amount.

Advocates of recognition argue that repudiation and confiscation were an inevitable corollary of the fundamental political and social revolution effected by the Bolsheviks; that the Soviet government has scrupulously fulfilled all financial obligations which it has contracted since 1917; that it has afforded full protection to American citizens and property in the Soviet Union; and that it has expressed willingness to negotiate some settlement of debts and private claims following recognition.⁵⁸ They point out, moreover, that in a period of world-wide defaults and bankruptcies, the question of Soviet debts has become little more than academic.

COMMUNIST PROPAGANDA

The second official argument against recognition is that the Soviet government, through the Third (Communist) International, engages in propaganda designed to overthrow the political and economic institutions of the United States. The Third International (*Comintern*), in which fifty-eight Communist parties, including that of the U.S.S.R., are represented, was established in 1919 with headquarters in Moscow.

55. Great Britain, *Parliamentary Papers, Russia No. 4 (1923)*, Cmd. 2260, London, 1924.

56. Louis Fischer, *The Soviets in World Affairs* (New York, Cape and Smith, 1930, two volumes), Vol. II, p. 617 *et seq.*

57. Republican National Committee, *Foreign Relations*, Bulletin No. 5, 1928, p. 49.

58. Fischer, *Why Recognize Russia?* cited, p. 223; Ivy Lee, *Present-Day Russia* (New York, Macmillan, 1928), p. 175.

The object of the Third International is to replace world capitalist economy by a world system of Communism; it regards the Soviet Union as "the center of international revolution."⁵⁹ The Third International regards the dictatorship of the proletariat as the only institution capable of liberating mankind from the horrors of capitalism, recognizes the Soviet government as the historic form of this dictatorship, and undertakes to support every Soviet republic, wherever established.⁶⁰

The supreme organ of authority in the Third International is the World Congress—which met annually in the first years of its existence but has not assembled since 1928—in which the Communist party of the U.S.S.R., despite its minority position, exercises a predominant influence. This congress delegates its powers to an elected Executive Committee of fifty-nine members. Of the ten members of the *Politbureau*, steering committee of the U.S.S.R. Communist party, two—Stalin, Secretary-General of the party, and Molotov, president of the Council of People's Commissars—are members of the Executive Committee of the Third International, while others served as delegates to the Sixth Congress in 1928. The decisions of the Executive Committee are binding on all Communist parties represented in the Third International, as well as on individual Communists throughout the world. While the U.S.S.R. Communist party, like other groups belonging to the *Comintern*, contributes dues to the Third International, no evidence has been adduced that the latter receives financial aid from the Soviet government.

The early conviction of Soviet leaders that the World War would mark the beginning of world revolution and the resulting triumph of the proletariat was gradually modified by the failure of Communist movements in other countries and by the exigencies of economic reconstruction within the Soviet Union. The program of the Sixth Congress of the *Comintern* embodied the conclusion formulated by Stalin that the victory of socialism is at present possible only in a few countries, or even only in one country. The Third International thus apparently accepted Stalin's decision that, for the time being at least, the Soviet government should concentrate its efforts not on supporting revolution abroad, but on the task of "building socialism" at home. This indefinite postponement of world revolution has been denounced by Leon Trotsky, champion of "permanent revolution," as an unwarranted capitulation to

59. Program of the Communist International, adopted at the Sixth Congress of the International in 1928 (New York, Workers Library, 1929), p. 28, 63.

60. *Ibid.*

capitalism.⁶¹ Some observers are inclined to believe that Stalin is more interested in building up a powerful state with an economic system of a socialist character than in the promotion of world revolution. Stalin and his associates, however, contend that the establishment of socialism in the Soviet Union is only "a means of hastening the victory of the proletariat in other countries."^{61a} They have meanwhile sought to dissociate the activities of the Soviet government, which endeavors to establish and maintain peaceful relations with other countries "within limits determined by their usefulness to the U.S.S.R."⁶² from the anti-capitalist program of the Third International.

With a view to preventing Communist propaganda from Moscow, several states included pledges of mutual non-interference in internal affairs in the notes or treaties by which they recognized the Soviet government. Despite these provisions, Great Britain, France and other countries have protested from time to time against alleged Communist propaganda, either within their own frontiers or in their colonies. The Soviet government has invariably denied these charges, and has pointed out that it has no connection with the Third International, and no control over its activities. A fresh attempt to regulate this question was made by the Franco-Soviet non-aggression pact of November 29, 1932, in which each country undertook to abstain from interference in the other's internal affairs and from propaganda designed to change by force the political or social régime of any portion of the other's territory.⁶³

The United States has also complained of Communist activities directed from Moscow and has declared that it did not "propose to acquiesce in such interference by entering into relations with the Soviet government."⁶⁴ That this propaganda is not extensive was demonstrated by the eight-month investigation of Communist activities conducted by the Fish Committee in 1930. The report submitted by this committee to the House of Representatives stated that 500,000 to 600,000 Communists and active sympathizers, of whom 12,000 paid dues as members of the American Communist party, were working under the direction of Moscow for the overthrow of the existing political and economic system and the uprooting of established religions. Despite this organization, the report

61. Leon Trotsky, *The Real Situation in Russia* (New York, Dutton, 1928), p. 168. Cf. also Trotsky, *The Permanent Revolution* (New York, Pioneer Publishers, 1931); and *History of the Russian Revolution* (New York, Simon and Schuster, 1932, 3 vols.), Vol. III, Appendix II.

61a. Joseph Stalin, *Foundations of Leninism* (New York, International Publishers, 1932), p. 42-43.

62. Program of the Communist International, cited, p. 64.

63. *L'Europe Nouvelle*, December 3, 1932, p. 1414.

64. Mr. Kellogg, statement of April 14, 1928, cited.

declared that Communism had failed to entrench itself in the American Federation of Labor and in most public schools, was negligible in colleges and universities, had met slight success among the negroes, and made little headway in the army and navy.⁶⁵ These findings were apparently supported by the fact that, in the 1932 Presidential campaign, in a period of unprecedented economic distress, the Communist party polled only 102,785 votes out of a total of 40,000,000. The American Federation of Labor and some religious organizations fear, nevertheless, that Communism would spread rapidly in this country after the United States, by recognizing the Soviet government, had placed the seal of approval on Communist practices.

Advocates of recognition contend that Communist agitation is due not to propaganda from Moscow, but to the economic crisis, and that the situation must be remedied not by refusal to recognize the Soviet government, but by large-scale economic reorganization in the United States. They declare that the American government could protest more effectively against Communist propaganda if it had official relations with the Soviet Union. They argue, moreover, that Soviet leaders might justly regard the campaign conducted in this country by anti-Soviet elements as an attempt to interfere in the affairs of the U.S.S.R. Finally, they maintain that recognition does not imply approval of the political or economic institutions of the government to which it is accorded.⁶⁶

RECOGNITION AND SOVIET-AMERICAN TRADE

Of the arguments advanced in favor of recognition, that concerning the possibility of developing Soviet-American trade has perhaps received the widest support in this country. Senator Borah declared in December 1932 that recognition has "a direct bearing upon the restoration of trade and the improvement of economic conditions."⁶⁷ Representative Rainey of Illinois has denounced failure to recognize the Soviet government as "an economic crime"; Senator Robinson of Arkansas has advocated recognition for the purpose of "stimulating our foreign commerce"; and Alfred E. Smith urged recognition on March 1, 1933, stating that "there is no use" in trading with the Soviet Union "under cover." Business and political leaders argue that recognition would minimize the risk which many people still connect with Soviet trade, would facilitate the

65. *Investigation of Communist Propaganda*, House of Representatives, 71st Congress, 3rd Session, Report No. 2290.

66. Cf. Moore, *Candor and Common Sense*, cited, p. 26.

67. *New York Herald Tribune*, December 15, 1932.

establishment of adequate banking and credit arrangements, and would give American business in the Soviet Union the assistance of diplomatic and commercial representatives which it now lacks.

Opponents of official relations with the Soviet government, however, contend that recognition would not enable Soviet agencies to increase their purchases in the United States to any appreciable extent. The principal obstacle to trade, in their opinion, is the absence of credits—an obstacle which neither recognition nor the presence of American diplomatic representatives in the Soviet Union would necessarily remove. They believe, moreover, that the American government would refuse to guarantee export credits, as has been done by Great Britain and Germany, and that even after recognition credits would have to be handled by private banking interests at their own risk, as in the past. Soviet trade representatives in the United States are also of the opinion that recognition alone is not sufficient, and that further purchases depend on the extension of credits or the flotation of a loan.

Assuming that substantial credits are extended following recognition, two questions immediately arise: what would the Soviet Union buy in the United States? and how would it repay American credits? With the completion of the first Five-Year Plan on December 31, 1932, the Soviet government believes that it has laid the broad foundation for heavy industry and industrialized agriculture, and that it must now concentrate on the production and distribution of consumers' goods.⁶⁸ It may consequently be expected that, in the near future, the Soviet Union will gradually decrease purchases of machinery, and will buy larger quantities of equipment for light industry and of consumers' goods, most of which have been hitherto barred as luxuries. According to many observers the Soviet Union offers an excellent market for manufactured products of all kinds, and the demand for such products, in their opinion, should rapidly increase with mass education and a rising standard of living.

Payment of credits involves several problems. Despite the various obstacles placed in the way of Soviet financing, the Soviet government has so far scrupulously fulfilled all its financial obligations on or before maturity. Some observers contend, however, that unless the value of Soviet exports is substantially increased, which appears unlikely, the Soviet Union will face a real test in 1933, when many of its long-term credits

68. Cf. speech of Joseph Stalin on January 7, 1933 before a joint meeting of the Central Committee and Central Control Committee of the Communist party, reprinted in part in the *New York Times*, January 29, 1933.

fall due in Europe. American advocates of recognition, for their part, argue that the Soviet government would "rather die than default," since default on a single obligation would prove financially suicidal. They point out, at the same time, that the Soviet Union, like all trading countries, will find it difficult to buy here indefinitely unless it can also sell—in other words, unless opposition to Soviet goods is materially abated, and the administrative restrictions imposed on them since 1930 abandoned.⁶⁹

Opponents of Soviet imports—the most prominent of whom are American producers of manganese, matches, anthracite coal and lumber, and the American Federation of Labor—contend that the Soviet government employs "forced labor," that its goods offer "unfair competition" with those of the United States, and that it resorts to "dumping." In support of the first of these arguments it is asserted that all labor in the Soviet Union is employed by the government, which fixes wages and prices, and that Soviet goods are *ipso facto* products of "forced labor." Chiefly on the demand of the American Federation of Labor, a provision prohibiting the importation of articles produced by forced or indentured labor was introduced into the 1930 Tariff Act.⁷⁰ Definition of "forced labor" presents a difficult problem. The Treasury Department is not in a position to investigate labor conditions in the Soviet Union, and has hitherto refused to take action against Soviet goods merely on hearsay. Many observers believe that, while a certain amount of convict labor may be found in the Soviet Union, as in other countries, labor in general cannot be described as "forced," and that an unusually high labor turnover actually constitutes a pressing problem of Soviet industry. Owing to agitation against "forced labor," however, Soviet goods have been subjected to prolonged administrative investigations involving legal controversies and delays which have seriously hampered trade.

Closely allied to the "forced labor" argument is the contention of the American Federation of Labor that the wages and standard of living of Soviet workers are so low that imports from the Soviet Union threaten the products of American labor with "unfair competition." Thus William Green, president of the Federation, declared on January 29 that if trade with the Soviet Union were increased as a result of recognition, "labor in the United States would suffer through the importation of goods produced

69. For a discussion of the campaign against Soviet goods, cf. Vera M. Dean, "Foreign Trade Policy of the Soviet Government," *Foreign Policy Association Information Service*, Vol. VI, No. 20, December 10, 1930.

70. *Tariff Act of 1930*, 71st Congress, 2nd Session, Senate, Document No. 166, Section 307, p. 112.

and manufactured by Russian labor under intolerable conditions of employment and at an indefensibly low rate of wages."⁷² Some observers declare, however, that while the real wages of Soviet workers are probably lower than those of Western workers, they are higher than wages paid in pre-war Russia, and that the Soviet government is attempting to improve the standard of living by various measures of social welfare, the cost of which should be added to Soviet wages. They argue, moreover, that the standard of living in the majority of countries with which the United States has official relations is relatively lower than that of employed American labor, and that the situation in other cases has been dealt with not by non-recognition, but by appropriate tariff measures. Finally, they contend that refusal to trade with the Soviet Union will only serve to delay the progress of industrialization in that country, and thus retard the expected rise in its standard of living.

The third argument advanced against Soviet imports is that they are "dumped" in the United States. Dumping is usually defined as the sale of a product abroad at a price lower than that at which it is sold in the domestic market, or lower than the cost of production. In practice it is impossible to determine the cost of production or fair market value in a country like the Soviet Union, where the government is employer of labor, producer and exporter in one, and where private trade has been reduced to a minimum. That Soviet agencies have, on occasion, undersold world prices is probably true. As far as can be ascertained, however, they have done so not to disorganize world markets, on which they ultimately depend for disposal of their goods, but to realize foreign currency at short notice for payment of purchases abroad. Account must also be taken of inexperience in marketing and the desire to win new, and often hostile customers, by timely concessions. In the long run the Soviet government is no more willing than private producers to suffer losses if it can make profits.

Recognition is advocated not only by those who wish to expand Soviet-American trade, but by individuals and organizations interested in the maintenance of peace. Senator Johnson has declared that "some move in the direction of normal relationships with Russia at this time would do more to remove perils from the Far East, and therefore from the world in general, than any other single act." In a petition addressed on January 30 to President Roosevelt, eight hundred college presidents and professors pointed out

that failure to recognize the Soviet government is one of the most serious hazards of peace in the present critical world situation," and has "contributed to the serious situation in the Orient and prevented adoption of policies which might have frustrated the imperialistic ventures of Japan."⁷³ Advocates of recognition argue that the Soviet Union sincerely desires to maintain peace in the Far East, that it has actively championed the cause of disarmament, that it has sought to strengthen the Anti-War Pact by proposing a far-reaching definition of an aggressor nation,⁷⁴ and that Soviet-American collaboration in international affairs has never been so urgently needed as today.

PROCEDURE OF RECOGNITION

Should the Roosevelt administration decide to recognize the Soviet government, the procedure of recognition may be expected to create considerable divergence of opinion. The view has been expressed in some quarters that the United States, through preliminary negotiations, should obtain assurances that the Soviet government will settle outstanding debts and will not use diplomatic and consular offices in this country for Communist propaganda.⁷⁵ If the Soviet Union, in the course of these negotiations, demonstrates its willingness and ability to fulfill international obligations, the traditional American requirements for recognition would presumably be satisfied, and the United States could formally recognize the Soviet government.

Soviet spokesmen, however, vigorously oppose this procedure, on the ground that it not only involves serious delay, but is incompatible with the prestige of the Soviet Union. They argue that the only acceptable course is prompt and unconditional recognition, to be followed by negotiations regarding debts, propaganda and other matters of mutual interest. Many competent observers contend, moreover, that the Soviet government is not as anxious for recognition today, when it has consolidated its international position, as in the early years of its existence, when it was confronted by a hostile world, and that the longer recognition is delayed, the more difficult it will be for the United States to obtain concessions from the Soviet Union.

73. *New York Times*, January 30, 1933. A petition urging recognition of the Soviet government was also submitted to President Roosevelt by four hundred and thirty Protestant clergymen. *Ibid.*, February 13, 1933.

74. Cf. resolution introduced by M. Litvinov, Soviet Commissar of Foreign Affairs, in the Disarmament Conference on February 6, 1933. *New York Herald Tribune*, February 7, 1933.

75. Cf. speech by Professor D. C. Poole at a meeting of the Boston branch of the Foreign Policy Association on February 18, 1933, *New York Times*, February 19, 1933; also Arthur Krock, *Ibid.*, February 16, 1933.